

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 AID-05 CIAE-00 COME-00
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
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FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 9338

UNCLAS KINGSTON 0471

E.O. 11652: N/A
TAGS: EFIN, JM
SUBJECT: FIRST NATIONAL BANK OF CHICAGO (JAMAICA) LTD.
TO CEASE RETAIL OPERATIONS IN KINGSTON

1. ACCORDING TO A DAILY GLEANER REPORT OF JANUARY 17,
THE FIRST NATIONAL BANK OF CHICAGO (JAMAICA) LTD. (FNBC)
IS TO CLOSE ITS FOUR RETAIL BRANCHES IN KINGSTON ON
JANUARY 24.

2. FNBC ANNOUNCED THAT IT HAS DECIDED TO FOCUS ON
WHOLESALE BANKING OPERATIONS AND WILL THEREFORE CEASE
ITS RETAIL OPERATIONS AND THAT OF ITS SUBSIDIARY,
FIRST CHICAGO MERCHANT (JAMAICA) LTD. FNBV STATES THAT
AN AGREEMENT HAS BEEN REACHED WITH THE NATIONAL COMMERCIAL
BANK JAMAICA LTD. (NCB) FOR THE PURCHASE OF THEIR JAMAICAN
DOLLAR PORTFOLIO, EFFECTIVE JANUARY 16.

3. THE PURCHASE OF THE JAMAICAN DOLLAR LOAN PORTFOLIO BY
NCB WILL BE UNDERTAKEN IN JAMAICAN CURRENCY, AND THERE
WILL BE NO REMISSION OF FOREIGN EXCHANGE BY FNBC AS A
RESULT OF THIS TRANSACTION.

4. COMMENT: THE FOREGOING FNBC ACTION COMES AS NO
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SURPRISE. LIKE MOST OTHER BANKS HERE, IT HAS HAD
DIFFICULTY OPERATING AT A PROFIT -- IN PART BECAUSE OF
DIFFICULTIES IN SECURING A LARGE ENOUGH LOCAL LOAN PORTFOLIO
TO OFFSET SEVEN PERCENT INTEREST PAYMENTS ON A HIGH LEVEL
OF SAVINGS DEPOSITS. THE FNBC CLOSED ITS MONTEGO BAY
BRANCH FOR THESE REASONS LAST YEAR. WE EXPECT TO HAVE
MORE DETAILS NEXT WEEK FROM THE FNBC MANAGER.

5. A SEPARATE BUT SOMEWHAT RELATED DEVELOPMENT WAS THE
PURCHASE THIS WEEK (FOR A NOMINAL J\$1.00) OF THE BANK OF
MONTREAL'S ASSETS AND LIABILITIES IN JAMAICA BY THE GOJ,
WHICH IS REPORTED IN A SEPARATE MESSAGE.
IRVING

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NNN

Message Attributes

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Disposition Approved on Date:
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Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
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